

## COMMISSIONERS OF THE LAND OFFICE

### Regular Investment Meeting Minutes

Wednesday, June 12, 2019 at 1:00 p.m.  
Large Conference Room  
Commissioners of the Land Office – Ninth Floor  
Oklahoma City, Oklahoma

Notice was posted online with the Secretary of State on December 13, 2018. Public notice was also posted on the Commissioners of the Land Office website and at the Commissioners of the Land Office on Tuesday, June 11, 2019, at 11:15 a.m.

#### PRESENT:

Mathangi Shankar, Investment Committee Member  
Steve Tinsley, Investment Committee Member  
Bob Mareburger

#### CLO STAFF PRESENT:

Harry Birdwell, Secretary  
Karen Johnson, Chief Financial Officer  
Edward Romero, Financial Manager/Comptroller  
Emma Thomas, Financial Manager  
Mike Lyons, Assistant Director of Financial Services

#### VISITORS:

Mark Higgins, RVK  
Sandra Rochell, BOK

Karen Johnson called the meeting to order at 1:07 p.m., confirmed proper posting of the meeting notice, ensured the presence of a quorum, and called the roll.

Shankar: Present  
Tinsley: Present  
Mareburger: Present

#### **1. Request Approval of Minutes for Regular Meeting held May 8, 2019**

- a. *Presented by Karen Johnson, CFO*
- b. *Discussion*
- c. *Action in which the Committee may approve or disapprove the matter and/or direct staff to take further action*

This agenda item was presented by Karen Johnson, CFO. A MOTION was made by Committee Member Shankar and seconded by Committee Member Tinsley to approve the minutes of the May 8, 2019 meeting.

Mareburger Aye  
Tinsley Aye  
Shankar Aye Motion Carried

## **1. Presentation of Performance Review by RVK (Informational Purposes Only)**

- a. Presented by Mark Higgins, RVK*
- b. Discussion*

RVK stated the the CLO Permanent Trust was approximately \$2.3 billion as of May 31, 2019. Global equity markets sold off sharply in May. The US Treasury yield curve flattened. President Trump announced a planned 5% tariff on all goods imported from Mexico, trade talks between the US and China broke down as they failed to reach a trade agreement in May. Equity markets posted negative returns in May as the S&P 500 returned -6.35%. The US Aggregate Bond Index returned 1.78% in May.

## **2. Holistic Asset Allocation Review**

RVK presented an overview on the value of intergenerational equity. The CLO strives to achieve intergenerational equity by maximizing current distributions with the need to maintain the real value of the corpus for future generations.

- a. Presented by Mark Higgins, RVK*

## **3. Discussion and Possible Action for Reallocation and Rebalance of CLO Permanent Trust funds**

- a. Presented by Mark Higgins, RVK*
- b. Discussion*
- c. Action in which the Committee may approve, disapprove or table the matter and/or direct staff to take further action*

A MOTION was made by Committee Member Mareburger seconded by Committee Shankar to approve the asset allocation rebalance plan; \$15 million to Harvest Fund Advisors and to Cutwater Core Plus Select Income

Mareburger Aye  
Tinsley Aye  
Shankar Aye Motion Carried

**4. Request Approval to Renew the Following Investment Manager Contracts for the Fiscal Year Beginning July 1, 2019:**

- Allianz Global Investors
- Aronson+Johnson+ Ortiz (AJO)
- Blackrock Russell 1000 Index Fund
- CenterSquare Investment Management
- Cohen & Steers Capital Management, Inc.
- Cutwater Asset Management (Insight Investment)
- Dodge & Cox Investment Managers
- FortWashington Investment Advisors
- Guggenheim Partners, LLC
  - Bond-BBB
  - Bond-CMBS
- Harvest Fund Advisors
- J.P. Morgan Asset Management
- Robeco Investment Management (Boston Partners)
- Silvercrest Asset Management
- Tortoise Capital Advisors
- Vanguard Institutional Investor Group
  - International Stock
  - High Dividend Yield Index
- Robinson Park LLC

*Recommendation: The CFO recommends approval of the listed investment manager contracts for the fiscal year beginning July 1, 2019.*

- 1. Presented by Karen Johnson, CFO*
- 2. Discussion*
- 3. Action in which the Committee may approve, disapprove or table the matter and/or direct staff to take further action*

A MOTION was made by Committee Member Tinsley, seconded by Committee Shankar to approve the investment manager contract renewals.

|            |     |                |
|------------|-----|----------------|
| Mareburger | Aye |                |
| Tinsley    | Aye |                |
| Shankar    | Aye | Motion Carried |

**5. Consideration and Possible Action to Approve Contracts or Purchases in Excess of \$50,000 beginning July 1, 2019**

- Bank of Oklahoma
- RVK

*Recommendation: The CFO recommends approval of the listed contracts in excess of \$50,000 for the fiscal year beginning July 1, 2019.*

- Presented by Karen Johnson, CFO*
- Discussion*
- Action in which the Committee may approve, disapprove or table the matter and/or direct staff to take further action*

A MOTION was made by Committee Member Tinsley, seconded by Committee Shankar to approve the contract in excess of \$50,000.

|            |     |                |
|------------|-----|----------------|
| Mareburger | Aye |                |
| Tinsley    | Aye |                |
| Shankar    | Aye | Motion Carried |

**6. Consideration and Possible Action for Approval of Operational and Capital Budgets for Management of Commercial Investment Property**

The following commercial investment properties with the associated operating expenses and capital budgets and reserve funds are presented for FY 2020 approval:

| <u>Building Address</u>      | <u>Operating Expenses</u> | <u>Capital Budget</u> |
|------------------------------|---------------------------|-----------------------|
| 3017 N. Stiles Av.           | \$177,190.00              | \$466,000.00          |
| 119 N. Robinson              | \$968,949.00              | \$2,223,816.00        |
| 5005 N. Lincoln              | \$230,885.00              | \$89,000.00           |
| City Place Floors 4,8,9 & 10 | \$363,998.00              | \$25,000.00           |
| 5727 S. Lewis (Tulsa)        | \$741,291.00              | \$617,882.00          |
| Yukon Industrial Properties  | \$18,806.00               | \$19,557.00           |
| Miller Industrial Properties | \$940.00                  | \$25,000.00           |

Kickapoo Restaurant                      \$675.00    \$7,500.00

Capital Reserve Fund for seven (7) Trusts: \$1,155,988.00

Expected total net income for the commercial investment properties is \$3,330,879.00. Projected return: 7.20%.

*Recommendation: Assistant Secretary recommends approval of the operational and capital budgets and reserve funds for FY2020 for the listed commercial investment properties.*

- a. *Presented by Keith Kuhlman, Assistant Secretary*
- b. *Discussion*
- c. *Committee action in which the Members may approve, disapprove or table the matter and/or direct staff to take further action.*

A MOTION was made by Committee Member Tinsley, seconded by Committee Mareburger to approve the operational and capital budgets and reserve funds for the commercial properties listed.

|            |     |                |
|------------|-----|----------------|
| Mareburger | Aye |                |
| Tinsley    | Aye |                |
| Shankar    | Aye | Motion Carried |

## 7. New Business

There was not any new business presented.

A MOTION was made by Committee Member Shankar and seconded by Committee Tinsley to adjourn the meeting.

|         |     |                |
|---------|-----|----------------|
| Tinsley | Aye |                |
| Shankar | Aye | Motion Carried |

The meeting was adjourned at 2:04 p.m.